

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 H-03 L-03 SSO-00 NSCE-00 USIE-00 INRE-00

DODE-00 PA-03 PRS-01 DRC-01 INT-08 SCEM-02 /151 W

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC IMMEDIATE 0526

C O N F I D E N T I A L TRIPOLI 1172

E.O. 11652: GDS

TAGS: ENRG LY

SUBJECT: OIL NATIONALIZATION: QADHAFI REMARKS TO NEWSMAN

1. AFTER WAITING HERE TEN DAYS, NEWSWEEK EDITOR DE BORCHGRAVE RECEIVED AN HOUR'S INTERVIEW WITH QADHAFI SEPT 11. THERE BEING NO PROFESSIONAL INTERPRETER PRESENT, QADHAFI FINALLY TRIED TO EXPLAIN HIMSELF IN ENGLISH. PERHAPS FOR THIS REASON, HIS PRESS SECRETARY LATER DEMANDED TO "SEE THE STORY" BEFORE DE BORCHGRAVE LEAVES TOWN. DE BORCHGRAVE REPLIED THAT "THERE WAS NO STORY" AND INTERVIEW SHOULD BE RESCHEDULED UNDER PROPER CONDITIONS AND AT GREATER LENGTH.

2. GIVEN THESE CIRCUMSTANCES AND THE PRESENT STATE OF PLAY, REQUEST THE FOLLOWING RUN-DOWN ON WHAT QADHAFI HAD TO SAY ON OIL BE TREATED WITH DISCRETION. DE BORCHGRAVE BRIEFED ME IMMEDIATELY AFTER THE INTERVIEW AS FOLLOWS:

A. IN REPLY TO HIS LEAD QUESTION ON HOW OIL COULD BE USED AS A WEAPON, QADHAFI REPLIED THAT LIBYA'S RECENT NATIONALIZATIONS WERE NOT AN INSTANCE OF THE USE
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OF OIL AS A WEAPON. THEY WERE ECONOMIC MEASURES TO

SECURE CONTROL OF LIBYA'S RESOURCES. ANY NEW POLICY TO USE OIL AS A WEAPON IS FOR ALL THE ARABS TO DECIDE. THUS LIBYA'S NATIONALIZATIONS WERE NOT PRESSURE ON THE U.S. THIS COMES IN THE FUTURE. THE ARABS WILL USE OIL AS A THREAT. AS OF NOW THE THREAT HAS BEEN POSED, NOT EXECUTED. "IT WILL BE USED IF THE U.S. DOES NOT ACT IN ITS OWN INTERESTS."

B. IN REPLY TO A REQUEST TO COMMENT ON KING FAISAL'S REPORTED THREAT TO REDUCE PRODUCTION TEN PER CENT, QADHAFI SEEMED TO BE GENUINELY UNAWARE OF THE STORY TO THAT EFFECT. HE DID GO ON TO SAY, HOWEVER, THAT HE COULD NOT UNDERSTAND THE U.S. LIBYA DID NOT WANT TO PROVOKE IT. THERE WAS NO REASON WHY THE TWO COUNTRIES COULD NOT COLLABORATE. BUT LIBYA MUST OF COURSE USE ITS OIL TO FURTHER ITS PURPOSES, AND WOULD HOPE THAT ITS EXAMPLE MIGHT BE NOTED IN THE GULF.

C. IN REPLY TO A QUESTION RE HIS ATTITUDE TOWARD THE MAJORS' PULLING OUT OF LIBYA, QADHAFI REPLIED THAT WAS UP TO THEM. "WE DON'T DEMAND 100 PER CENT. BUT IF THEY WANT TO SURRENDER, OBVIOUSLY WE WOULD TAKE IT."

D. IN REPLY TO A QUESTION AS TO WHAT "FURTHER MEASURES" AGAINST THE MAJORS HE WAS REFERRING TO IN HIS ALGIERS PRESS CONFERENCE OF SEPT 7, QADHAFI MERELY SAID: "IT IS UP TO THE COMPANIES. THEY MAY LOSE THEIR 49 PER CENT."

E. IN REPLY TO A QUESTION HOW LIBYA COULD COPE WITH THE LOSS OF THE MAJORS' PRODUCTION OF ABOUT 800,000 BARRELS PER DAY, QADHAFI SAID IT WOULD REPRESENT A SETBACK BUT "DON'T FORGET WE CAN OPERATE THEIR INTERESTS HERE; WE ARE ALREADY BEING SOLICITED" (PRESUMABLY BY OTHER COMPANIES).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PETROLEUM PRODUCTION, NATIONALIZATION
Control Number: n/a
Copy: SINGLE
Draft Date: 12 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TRIPOL01172
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS JOSIF
Errors: N/A
Film Number: n/a
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730938/aaaabdcdo.tel
Line Count: 97
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by elyme>; APPROVED <18-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL NATIONALIZATION: QADHAFI REMARKS TO NEWSMAN
TAGS: ENRG, LY, (QADHAFI, MUHAMMAR)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005